

Senate Bill No. 708

CHAPTER 207

An act to add Part 5.7 (commencing with Section 17800) to Division 9 of the Welfare and Institutions Code, relating to health care.

[Approved by Governor September 6, 2005. Filed with
Secretary of State September 6, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

SB 708, Speier. Drug discount program: conditions of participation.

Existing law establishes the federal Medicaid program, administered by each state, California's version of which is the Medi-Cal program. The Medi-Cal program, which is administered by the State Department of Health Services, provides qualified low-income persons with health care services.

Existing federal law requires the United States Secretary of Health and Human Services to enter into an agreement with each manufacturer of covered drugs that are not subject to a rebate under an agreement between the state Medicaid program and the manufacturer under which the amount required to be paid to the manufacturer for covered drugs, with certain exceptions, purchased by a covered entity, as defined, does not exceed an amount equal to the average manufacturer price for the drug under the federal Medicaid program in the preceding calendar quarter, reduced by the rebate received pursuant to the Medicaid agreement.

This bill would require the State Department of Health Services to develop a standard contract for private nonprofit hospitals whereby a hospital that elects to participate in the drug discount program established under federal law shall agree to provide charity care on a continuing basis.

The people of the State of California do enact as follows:

SECTION 1. Part 5.7 (commencing with Section 17800) is added to Division 9 of the Welfare and Institutions Code, to read:

PART 5.7. HEALTH CARE FOR LOW-INCOME PERSONS NOT COVERED BY THE MEDICARE PROGRAM OR THE MEDI-CAL PROGRAM

17800. A not-for-profit hospital that elects to participate in the drug discount program established under Section 340B of the Public Health Service Act may enter into an agreement with the State Department of Health Services for that purpose, which shall be subject to this part.

17801. The State Department of Health Services shall develop a standard contract for use in an agreement entered into pursuant to Section 17800, which shall include, but not be limited to, the following terms:

(a) Initially upon contracting with the State Department of Health Services pursuant to Section 17800, the not-for-profit hospital shall agree to continue its historic commitment to the provision of charity care, as reported to the Office of Statewide Health Planning and Development.

(b) The term of the contract shall continue until terminated by either party upon not less than 60 days' prior written notice to the other party.